

Message Text

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TO SECSTATE WASHDC PRIORITY 5365
INFO AMEMBASSY BONN
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C O N F I D E N T I A L SECTION 01 OF 03 BERLIN 06708

EO11652: GDS
TAGS: PGOV, EEWT, OGEN, GE, US
SUBJECT: BEIL ON US-GDR TRADE COUNCILS MEETINGS AND
- ON POSSIBLE GDR HIGH-LEVEL VISIT TO U.S.
REF: A. STATE 140489, B. 141655, C. BERLIN 6334

SUMMARY: BEIL EXPRESSED SATISFACTION WITH OUTCOME OF
JUNE ORGANIZATIONAL MEETING OF US-GDR TRADE AND ECONOMIC
COUNCILS. GDR IS MOVING AHEAD WITH ORGANIZATIONAL/
SUBSTANTIVE ASPECTS OF DECISIONS OF JUNE MEETING, AND WILL
ANNOUNCE AUGUST 15 THE OPENING HERE OF AN OFFICE
TO HANDLE MATTERS RELATED TO THE COUNCILS' ACTIVITIES.
HE FORESEES SIGNING OF AN AGREEMENT WITH DOW CHEMICAL
AT THE LEIPZIG FALL FAIR AND ANTICIPATES GDR
LEADERSHIP WILL VISIT US STAND. HE ALSO DROPPED A STRONG
HINT THAT THE GDR WOULD LIKE TO HAVE AN INVITATION FOR
A HIGH-LEVEL GDR VISIT TO THE OPENING NEXT MAY OF THE
DRESDEN ART EXHIBIT AT THE NATIONAL GALLERY OF ART. HE
ALSO NOTED GDR INTENTION TO HOLD SEVERAL TECHNICAL
SEMINARS IN US IN 1978. END SUMMARY

1. IN RESPONSE TO CHARGE'S EARLIER SUGGESTION THAT HE
WOULD APPRECIATE RECEIVING BEIL'S IMPRESSIONS OF HIS
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JUNE TRIP TO THE USA, STATE SECRETARY GERHARD BEIL
INVITED CHARGE BY FOR DISCUSSION AUGUST 9. BEIL TOOK A
GENERALLY OPTIMISTIC POSITION WITH RESPECT TO HIS VISIT,
STATING HOWEVER THAT MUCH WILL DEPEND ON HOW
WILLING BOTH SIDES ARE TO TRY TO COOPERATE IN THE FUTURE
IN THE TRADE FIELD. BEIL NOTED AT THE OUTSET THAT HE
WAS SATISFIED WITH THE RESULTS OF HIS VISIT, BUT WOULD

NOT CHARACTERIZE THEM AS POSITIVELY AS THEY WERE IN THE GDR PRESS. HE SAID FRANKLY THAT THE PRESS REPORTS WERE THERE FOR A POLITICAL PURPOSE, TO GIVE THE IMPRESSION OF CLOSER US-GDR COOPERATION THAN WAS ACTUALLY THE CASE (REF C).

2. BEIL NOTED THAT THE LEVEL OF US PARTICIPATION IN THE WORK OF ESTABLISHING THE US-GDR TRADE AND ECONOMIC COUNCILS WAS AN INDICATION OF THE SERIOUSNESS OF THE INTENTION OF US FIRMS TO DO BUSINESS WITH THE GDR. BEIL SAID THAT, WITH THE EXCEPTION OF THE PRESIDENT OF DOW CHEMICAL AND OF ONE OTHER FIRM, ALL THE PRESIDENTS OF THE US FIRMS INVOLVED IN THE COUNCIL TOOK PART IN THE WASHINGTON MEETINGS. BEIL WAS PARTICULARLY IMPRESSED THAT DAVID ROCKEFELLER CAME FOR AN AFTERNOON MEETING AND STAYED UNTIL LATE IN THE EVENING.

3. BEIL ALSO HAD A FAVORABLE IMPRESSION OF HIS DISCUSSIONS WITH GOVERNMENT OFFICIALS IN THE DEPARTMENTS OF TREASURY, COMMERCE, AND STATE. HE CHARACTERIZED HIS TALKS IN THE STATE DEPARTMENT AS MORE FRANK THAN USUAL, SAYING THAT PEOPLE THERE KNEW WHAT THEY WANTED AND WERE NOT HESITANT TO EXPRESS THEIR VIEWS. (HOPEFULLY HE HAS CONVEYED THESE VIEWS TO HIS SUPERIORS.) BEIL CLAIMED HE ALSO SAW ROBERT STRAUSS AS WELL AS VARIOUS MEMBERS OF THE HOUSE OF REPRESENTATIVES DURING HIS STAY, IN ADDITION TO NATIONAL SCIENCE FOUNDATION DIRECTOR ATKINSON. BEIL COMMENTED THAT THE CONFIDENTIAL

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INFORMAL TASK FORCE WHICH ASSISTANT SECRETARY WEIL HAD SUGGESTED (REF B) HAD MET SEVERAL TIMES SINCE MID-JUNE FOR USEFUL DISCUSSIONS. (THE EMBASSY WOULD APPRECIATE ANY INFORMATION THE DEPARTMENT MAY HAVE ON THE SUBJECTS DISCUSSED.)

4. IN CONNECTION WITH THE ESTABLISHMENT AND INITIAL WORK OF THE US-GDR TRADE AND ECONOMIC COUNCILS, BEIL SAID AN ANNOUNCEMENT WOULD BE MADE HERE AUGUST 15 ON THE OPENING OF A GDR OFFICE TO HANDLE MATTERS CONNECTED WITH THE COUNCILS' ACTIVITIES. THE OFFICE, WHICH WILL BE UNDER BEIL'S DIRECTION, WILL BE ATTACHED TO THE OFFICE FOR FOREIGN TRADE RELATIONS. BEIL SAID ONE REASON FOR SETTING UP SUCH AN OFFICE IN EAST BERLIN WAS TO PROVIDE FACILITIES FOR AMERICAN BUSINESSMEN WHO COME TO EAST BERLIN IN CONNECTION WITH THE COUNCILS' WORK AND WHERE THEY COULD OBTAIN APPROPRIATE INFORMATION AND BE ASSURED OF HAVING APPOINTMENTS WITH APPROPRIATE OFFICIALS AND ORGANIZATIONS. HE CLAIMED THE OFFICE WAS IN RESPONSE TO A REQUEST FOR SUCH FACILITIES BY THE US SIDE. BEIL SAID HE IN NO WAY WISHED TO CUT THE EMBASSY OUT OF THE OPPORTUNITY OF MEETING WITH AMERICAN BUSINESSMEN AND SAID SEVERAL TIMES HE

WOULD LIKE TO COME BACK TO THE ROLE OF THE OFFICE AND ITS RELATIONSHIP TO THE EMBASSY SO THAT THERE WOULD BE NO MISUNDERSTANDING.

5. CHARGE INDICATED WE WERE WILLING TO BE OF ASSISTANCE WHERE WE COULD AND WELCOMED THE OPPORTUNITY TO TALK FURTHER TO BEIL ABOUT THE OFFICE. BEIL ALSO INDICATED HE WAS TOLD THAT THE "CLOSED" NATURE OF THE US-GDR TRADE AND ECONOMIC COUNCILS ON THE US SIDE (ONLY 20 COMPANIES) MIGHT CAUSE POSSIBLE ANTI-TRUST PROBLEMS FOR US PARTICIPANTS WITH THE US GOVERNMENT, BUT SAID THIS WAS A PROBLEM

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FOR THE US SIDE TO WORK OUT. BEIL SAID ONE OF HIS PURPOSES IN SETTING UP THE COUNCILS WAS QUITE FRANKLY TO BUILD A LOBBY FOR THE GDR IN THE US. HE SAID HE WANTS TO LOOK TO THE FUTURE, DOES NOT EXPECT MFN UNTIL 1980 OR 1981 AT THE EARLIEST, AND NOTED THAT 1980 IS NOT ALL THAT FAR AWAY.

6. BEIL ALSO SAID THE SUBCOMMITTEES ON TRADE, SCIENCE/ TECHNOLOGY, AND ON FINANCE HAD NAMED THEIR CHAIRMEN AND THAT DISCUSSIONS WERE UNDERWAY. HE SAID THAT, IN THE ABSENCE OF BANK PRESIDENT POLZE, HE HAD CHAIRED THE FINANCE SUBCOMMITTEE MEETING. WE WERE TOLD EARLIER BY MFA USD DIVISION CHIEF GEYER, WHO ALSO SAT IN ON THIS SUBCOMMITTEE, THAT THE GDR HAD LEARNED A LOT ABOUT HOW TO GO ABOUT OBTAINING BANK CREDITS, AND THAT THE GDR WAS CONSIDERING WHAT KIND OF NEW BANKING INSTITUTION TO SET UP IN ORDER TO FACILITATE THE FLOW OF CREDIT.

7. IN CONNECTION WITH THIS YEAR'S LEIPZIG FALL

FAIR, BEIL SAID THE PRESIDENT OF DOW CHEMICAL WOULD ATTEND AND WOULD SIGN A NEW AGREEMENT, BUT HE DID NOT GO INTO ANY DETAILS. HE NOTED THAT OTHER MEMBERS OF THE US SIDE OF THE US-GDR COUNCILS PROBABLY WOULD BE COMING TO
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LEIPZIG AND UNDERTOOK TO MAKE AVAILABLE TO THE EMBASSY THE NAMES OF THE REPRESENTATIVES TOWARD THE END OF AUGUST. (HE ALSO UNDERTOOK TO MAKE AVAILABLE BEFORE THE END OF AUGUST GDR STATISTICS ON US-GDR TRADE.) BEIL MADE IT QUITE PLAIN IN CONNECTION WITH THE DOW AGREEMENT THAT THE GDR LEADERSHIP (I.E. HONECKER) WOULD IN ALL LIKELIHOOD BE VISITING THE DOW STAND ON THE OPENING DAY OF THE FAIR (SEPTEMBER 4), AND INDICATED THAT EMBASSY REPRESENTATION WOULD BE MOST WELCOME.

8. BEIL ADDED THAT HE HAD CONDUCTED A NUMBER OF DISCUSSIONS ON SPECIFIC CONTRACTS WITH AMERICAN FIRMS DURING HIS STAY IN THE US. IN RESPONSE TO A QUESTION, HE SAID THAT IN ALL LIKELIHOOD THE GDR WOULD BE SIGNING AN AGREEMENT IN THE FOURTH QUARTER OF THIS YEAR WITH THE COCACOLA COMPANY ON THE PRODUCTION IN THE GDR OF PRODUCTS MADE FROM WHEY. HE HAD VISITED THE COCACOLA COMPANY HEADQUARTERS AND HAD BEEN QUITE IMPRESSED WITH THEIR WHEY PROCESSING SYSTEM, WHICH HE THOUGHT WOULD BE OF BENEFIT TO THE GDR. HE ALSO NOTED THE POSSIBILITY THAT THE GDR WOULD BUILD A COCACOLA BOTTLING PLANT NEAR BERLIN, WITH THE OUTPUT GOING TO WEST BERLIN, BUT WAS NOT SPECIFIC ON WHETHER AND WHEN SUCH A CONTRACT WOULD BE SIGNED.

9. BEIL TOOK THE INITIATIVE IN MENTIONING THE DRESDEN ART EXHIBIT, WHICH IS SCHEDULED TO GO TO THE NATIONAL GALLERY OF ART IN 1978. HE ALLUDED TO HIS OWN ROLE IN MAKING THIS A POSSIBILITY, ASSERTING HE HAD TALKED WITH DAVID ROCKEFELLER ABOUT IT AND THEN WITH HORST SINDERMANN, WHO AT THAT TIME WAS CHAIRMAN OF THE COUNCIL OF MINISTERS. IN BEIL'S VIEW, THESE DISCUSSIONS LED TO GDR AGREEMENT TO LET CERTAIN PAINTINGS
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BY CANALETTO AND DUTCH MASTERS LEAVE THE GDR FOR THE FIRST TIME. BEIL THEN TURNED TO WHAT SEEMED TO BE THE POINT OF THIS PART OF THE DISCUSSION, NOTING THAT THE DRESDEN COLLECTION WOULD BE THE FIRST MAJOR EXHIBIT IN THE NEW GALLERY WHEN IT OPENS ON MAY 30, AND WHICH,

ACCORDING TO BEIL, PRESIDENT CARTER WILL INAUGURATE. BEIL INDICATED HE THOUGHT IT WOULD BE MOST APPROPRIATE IF AN INVITATION WOULD BE FORTHCOMING FROM THE US SIDE TO THE GDR FOR A HIGH-LEVEL VISIT IN CONNECTION WITH THAT EVENT. HE IMPLIED THAT DAVID ROCKEFELLER HAD TALKED WITH NATIONAL SECURITY COUNCIL ADVISOR BRZEZINSKI ON THE MATTER.

10. BEIL THEN RETURNED TO THE SUBJECT OF THE WORK OF THE US-GDR TRADE COUNCILS, NOTING THAT THE GDR INTENDED TO CONDUCT SEVERAL TECHNICAL SALES SEMINARS IN THE US IN 1978 ON SUCH TOPICS AS POLYGRAPHIC EQUIPMENT, OPTICAL EQUIPMENT, AND CHEMICAL PRODUCTS. THESE SEMINARS WILL TAKE PLACE, THE GDR HOPES, AT FOUR SITES: NEW YORK, CHICAGO, SOMEWHERE ELSE IN THE MIDDLE WEST, AND ON THE WEST COAST. HE DID NOT, HOWEVER, PICK UP THE CHARGE'S COMMENTS ON OUR INTEREST IN HAVING AN EXPANDED ENERGY SEMINAR AT THE END OF THIS YEAR, NOTING ONLY THAT HE WAS AWARE OF IT, AND GOING ON TO ASSERT THAT ONE PROBLEM FOR THE GDR IS THAT US FIRMS HAVE INDIVIDUAL INTERESTS AND THEREFORE IT IS DIFFICULT TO KNOW WHAT KIND OF SEMINARS COULD BE PUT ON HERE.

11. IN RESPONSE TO A QUESTION ABOUT DISCUSSIONS IN USDA, BEIL SAID CRYPTICALLY THAT THE GDR HAD PURCHASED GRAIN THROUGH THE END OF THIS YEAR, BUT DID NOT ELABORATE. HE NOTED ONLY THAT, FOR WHAT SEEMED TO BE REASONS OF

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PRESTIGE AND PROTOCOL, HE HAD NOT MET WITH PEOPLE IN THE DEPARTMENT OF AGRICULTURE, AND GAVE NO INDICATION ABOUT

CONSULTING ON THE SUPPLY AND DEMAND SITUATION THIS YEAR.

12. COMMENT: BEIL'S PURPOSE IN HAVING THE DISCUSSION APPEARS TO BE TWO-FOLD: (1) TO INFORM US ABOUT THE OPENING OF THE GDR OFFICE HERE AND (2) TO DROP THE HINT ABOUT GDR INTEREST IN A HIGH-LEVEL INVITATION FOR THE DRESDEN ART EXHIBIT OPENING. IN GENERAL, WE HAVE FOUND BEIL, WHO DOESN'T MIND TOOTING HIS OWN HORN, RELATIVELY FORTHCOMING IN KEEPING THE EMBASSY INFORMED IN A GENERAL WAY ABOUT HIS INTERESTS IN DEVELOPING US-GDR TRADE. WE SURMISE HE DOES WANT, FOR HIS OWN PURPOSES, TO MAINTAIN A GOOD RELATIONSHIP WITH THE EMBASSY. ON THE MATTER OF A POSSIBLE HIGH-LEVEL INVITATION FOR THE DRESDEN ART EXHIBIT, IT SEEMS FAIRLY OBVIOUS FROM THE WAY HE PROCEEDED (I.E. THE MENTION OF SINDERMANN'S NAME) THAT BEIL HAD IN MIND A POLITBURO-LEVEL INVITATION. SINCE THE AMBASSADOR PROBABLY WILL BE SEEING BEIL RELATIVELY SOON AFTER HIS ARRIVAL (AND POSSIBLY AT THE LEIPZIG FAIR), IT WOULD BE HELPFUL TO KNOW WHAT THE CURRENT PLANS ARE FOR THE OPENING IN ORDER TO FIELD COMMENTS BEIL MIGHT MAKE ON THE SUBJECT.

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ACTION REQUESTED: EMBASSY WOULD APPRECIATE ANY DOCUMENTATION DEPARTMENT MAY HAVE OR BE ABLE TO DEVELOP ON WORK AND RESULTS OF TRADE AND ECONOMIC COUNCILS SESSION. POLANSKY

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Message Attributes

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